

# Long Term Disability

Long Term Disability

Table of Contents

Basic Long Term Disability .....	123
BLTD Plan Benefits Summary .....	124
Supplemental Long Term .....	127
Disability .....	127
SLTD Plan Benefits Summary .....	130

Long Term Disability

# Basic Long Term Disability

## Introduction

The Basic Long Term Disability (BLTD) Plan, administered by Standard Insurance Company (The Standard), is an employer-funded disability plan provided by the state. It helps protect a portion of your income if you become disabled. This benefit is provided at no cost to you.

**If you have questions or need more information, please contact Standard Insurance Company at 800-628-9696 or on the Web at [www.standard.com](http://www.standard.com).**

**If you become disabled, you may be eligible for benefits through the S.C. Retirement Systems. Before you leave your job, call 737-6800 in the Greater Columbia area or 800-868-9002 elsewhere in South Carolina or visit [www.retirement.sc.gov](http://www.retirement.sc.gov) for more information.**

## Eligibility

You are eligible for BLTD if you are covered under a health plan offered through the Employee Insurance Program (EIP) and are an active, permanent full-time employee as defined by the plan or a full-time academic employee and you: receive compensation from a department, agency, board, commission or institution of the state; a public school district; a county government (including county council members); or another group participating in the state's Plan of Benefits. BLTD is provided at no cost to you.

Members of the General Assembly and judges in the state courts are also eligible for coverage. BLTD is provided at no cost to you.

You must be actively employed when the disability occurs.

## Benefit Waiting Period

The benefit waiting period is the length of time you must be disabled before benefits are payable. No benefits are paid during this period. The BLTD plan has a 90-day benefit waiting period.

## Claims

As soon as it appears you will be disabled for 90 days or more, or your employer is modifying your duties due to a health condition, ask your benefits administrator for a claim form packet. This packet contains these forms: Employee's Statement, Authorization to Obtain Psychotherapy Notes, Authorization to Obtain Information, Attending Physician's Statement and Employer's Statement. You are responsible for making sure these forms are completed and returned to Standard Insurance Company. Your complete medical records should accompany the Attending Physician's Statement. You may fax these forms to 800-437-0961; original forms must follow. If you have questions, please contact Standard Insurance Company at 800-628-9696.

You must provide these completed claim forms to Standard Insurance Company within 90 days of the end of the benefit waiting period. If you cannot meet this deadline, you must submit these forms as soon as reasonably possible but no later than one year after that 90-day period. If you do not provide these forms within this time, barring a court's determination of legal incapacity, Standard Insurance Company may deny your claim.

## Active Work Requirement

If physical disease, mental disorder, injury or pregnancy prevent you from working the day before the scheduled effective date of your coverage, your coverage will not become effective until the day after you complete one full day of active work.

## Pre-existing Condition

A pre-existing condition is a physical or mental condition for which you consulted a physician, received medical treatment or services or took prescribed drugs during the six-month period before your BLTD coverage became effective. No benefits will be paid for a disability caused or contributed to by a pre-existing condition unless on the date you become disabled:

- You have been continuously covered under the plan for at least 12 months or
- You have not consulted a physician, received medical treatment or services or taken prescribed drugs during any 12 consecutive months between your date of disability and six months before the date your BLTD coverage became effective.

## Exclusions and Limitations

- Disabilities resulting from war or any act of war are not covered.
- Intentional self-inflicted injuries are not covered.
- No BLTD benefits are payable when you are not under the ongoing care of a physician.
- No BLTD benefits are payable for any period when you are not participating, in good faith, in a course of medical treatment, vocational training or education approved by Standard Insurance Company, unless your disability prevents you from participating.
- No BLTD benefits are payable for any period of disability when you are confined for any reason in a penal or correctional institution.
- No BLTD benefits are payable after you have been disabled for 24 months, excluding the benefit waiting period:
  - During your entire lifetime for a disability caused, or contributed to, by a mental disorder, unless you are continuously confined to a hospital at the end of the 24 months.
  - During your entire lifetime for a disability caused, or contributed to, by your use of alcohol, alcoholism, use of any illicit drug, including hallucinogens, or drug addiction.
  - During your entire lifetime for a disability caused, or contributed to, by chronic pain, musculoskeletal or connective tissue conditions.
  - During your entire lifetime for a disability caused, or contributed to, by chronic fatigue or related conditions.
  - During your entire lifetime for a disability caused, or contributed to, by chemical and environmental sensitivities.
- During the 90-day benefit waiting period and the first 24 months of disability, no BLTD benefits will be paid for any period of disability when you are able to work in your **own** occupation and you are able to earn at least 20 percent of your predisability earnings, adjusted for inflation, but you choose not to work. Thereafter, no BLTD benefits will be paid for any period of disability when you are able to work in **any** occupation and able to earn at least 20 percent of your predisability earnings, adjusted for inflation, but choose not to work.

## BLTD PLAN BENEFITS SUMMARY

- **Benefit waiting period:** 90 days
- **Monthly BLTD benefit<sup>1</sup> percentage:** 62.5 percent of your predisability earnings, reduced by deductible income.
- **Maximum benefit:** \$800 per month.
- **Maximum benefit period:** To age 65 if you become disabled before age 62. If you become disabled at age 62 or older, the maximum benefit period is based on your age at the time of disability. The maximum benefit period for age 69 and older is one year.

<sup>1</sup>BLTD benefits are subject to federal and state income taxes. Check with your accountant or tax advisor regarding your tax liability.

## Predisability Earnings

Predisability earnings are the monthly earnings, including merit and longevity increases, from your covered employer as of the January 1 preceding your last full day of active work, or on the date you became a member if you were not a member on January 1. It does not include your bonuses, commissions, overtime or incentive pay. If you are a teacher, it does not include your compensation for summer school, but it does include compensation earned during regular summer sessions by university staff.

## When Are You Considered Disabled?

You are considered disabled and eligible for benefits if you cannot fulfill the requirements of your occupation due to a covered injury, physical disease, mental disorder or pregnancy. You also will need to satisfy the benefit waiting period and meet one of the following definitions of disability during the period to which it applies.

**Definition One: *Own Occupation Disability***—You are unable to perform, with reasonable continuity, the *material duties*<sup>1</sup> of your *own occupation* during the benefit waiting period and the first 24 months of disability.

**“Own Occupation”** means any employment, business, trade, profession, calling or vocation that involves *material duties*<sup>1</sup> of the same general character as your regular and ordinary employment with the employer. Your “own occupation” is not limited to your job with your employer, nor is “your own occupation” limited to when your job is available.

**Definition Two: *Any Occupation Disability***—You are unable to perform, with reasonable continuity, the *material duties*<sup>1</sup> of *any occupation*.

**“Any Occupation”** means any occupation or employment you are able to perform, due to education, training or experience, which is available at one or more locations in the national economy and in which you can be expected to earn at least 65 percent of your predisability earnings (adjusted for inflation) within 12 months following your return to work, regardless of whether you are working in that or any other occupation. The any occupation period begins at the end of the own occupation period and continues to the end of the maximum benefit period.

**Definition Three: *Partial Disability***—

- A) During the *own occupation* period you are working while disabled and you are unable to earn more than 80 percent of your predisability earnings, adjusted for inflation, while working in your own occupation.
- B) During the *any occupation* period you are working while disabled and you are unable to earn more than 65 percent of your predisability earnings, adjusted for inflation, while working in any occupation.

<sup>1</sup>Material duties means the essential tasks, functions and operations, and the skills, abilities, knowledge, training and experience generally required by employers from those engaged in a particular occupation.

## Deductible Income

Your BLTD benefits will be reduced by your deductible income — income you receive, or you are eligible to receive, from other sources. Deductible income includes: sick pay or other salary continuation (including sick leave pool); primary Social Security benefits; Workers’ Compensation; other group disability benefits (except SLTD benefits, which are described on page 130); maximum plan retirement benefits; etc. In addition, TERI funds, at the time of distribution, are deductible income retroactive to the time of receipt of disability benefits. For example, your BLTD benefit, before reduction by deductible income, is 62.5 percent of your covered pre-disability earnings, with a maximum monthly amount of \$800. The benefit will then be reduced by the amount of any deductible income you receive or are eligible to receive. The total of the reduced benefit, plus the deductible income, will provide at least 62.5 percent of your covered predisability earnings, but no more than \$800 a month.

You are required to make a timely application for all deductible income you are eligible to receive. **Please note that the S.C. Retirement Systems requires you to file an application for disability benefits while you are still in service or before you cease employment.**

When other benefits are awarded, they may include payments due to you while you were receiving BLTD benefits. If the award includes past benefits, or if you receive other income before notifying Standard Insurance Company, your BLTD claim may be overpaid. This is because you received benefits from your plan and income from another source for the same period of time. You will be required to repay the plan for this overpayment.

---

### **When Benefits End**

---

Your benefits automatically end on the earliest of these dates:

- The date you are no longer disabled
- The date your maximum benefit period ends (refer to “Exclusions and Limitations” on page 124)
- The date benefits become payable under any other group long term disability insurance policy under which you became insured during a period of temporary recovery
- The date of your death.

If you are an employee of a local subdivision, your employer becomes responsible for your BLTD benefit payments if your employer withdraws from the State of South Carolina’s Plan of Benefits.

---

### **When BLTD Coverage Ends**

---

Your coverage ends automatically on the earliest of:

- The date the plan ends
- The date you no longer meet the requirements noted in the “Eligibility” section of this chapter
- The date your health coverage as an active employee ends
- The date your employment ends.

---

### **Appeals**

---

If Standard Insurance Company denies your claim for long term disability benefits, you can appeal the decision by writing to Standard Insurance Company within six months of receipt of the denial letter. If the company upholds its decision after a review by its Quality Assurance Unit, you may appeal that decision by writing to EIP within 90 days of the notice of denial. If the denial is upheld by EIP, you may file an appeal with the S.C. Administrative Law Court within 30 days of the date of receipt of the denial letter from EIP.

# Supplemental Long Term Disability

## Introduction

Most people probably think a disability only happens to other people. Consider these statistics:

- On average, about 2,329 disabling injuries occur every hour during the year.<sup>1</sup>
- Two-thirds of the injuries suffered by workers in 2002 occurred off the job.<sup>2</sup>
- Income lost because of disability is twice as great as income lost because of automobile accidents and three times as great as income lost because of fire.<sup>3</sup>

Many people would not be able to meet their financial obligations if they became disabled and could not work for an extended period of time. EIP offers a disability insurance plan that will help protect you and your family. This program, Supplemental Long Term Disability Insurance (SLTD), is insured by Standard Insurance Company (The Standard).

<sup>1</sup>National Safety Council Injury Facts, 2003.

<sup>2</sup>National Safety Council Injury Facts, 2003.

<sup>3</sup>Reported in JHA Dynamics of Disability. Source: National Underwriter 2003 Field Guide.

## SLTD Insurance Provides

SLTD insurance provides:

- Competitive group rates
- Survivors benefits for eligible dependents
- 24-hour coverage for injury, physical disease, mental disorder or pregnancy
- A return-to-work incentive
- SLTD conversion insurance
- A cost-of-living adjustment
- Lifetime Security Benefit

## Eligibility

You are eligible for SLTD insurance if you are an active, permanent full-time employee as defined under the plan, or a full-time academic employee, who receives compensation from a department, agency, board, commission or institution of the state; public school districts; county governments (including county council members); and other eligible employers approved by state legislation; or a member of the General Assembly or a judge in the state courts.

You are not eligible for this coverage if you are an employee of an employer that is covered under any other group long term disability insurance plan that insures any portion of your predisability earnings (other than the BLTD Plan); if you are receiving retirement benefits from the S.C. Retirement Systems and you have waived active coverage under the State Health Plan or a health maintenance organization; if you are a temporary or seasonal employee; or if you are a full-time member of the armed forces of any country.

## Enrollment

You can enroll in the SLTD program within 31 days of eligibility. You may choose from one of two benefit waiting periods. If, however, you do not enroll within 31 days after you first become eligible for SLTD, you will have to provide Standard Insurance Company with medical evidence of good health and be approved to become insured. You may enroll with medical evidence of good health at any time throughout the year.



## Benefit Waiting Period

The Benefit Waiting Period is the length of time you must be disabled before benefits are paid. You have the option of choosing either a 90-day or a 180-day benefit waiting period.

You may change from one benefit waiting period to the other at any time. To change from a 90- to a 180-day benefit waiting period, you must complete a Notice of Election (NOE) form and return it to your benefits administrator.

To change from a 180- to a 90-day benefit waiting period, you must complete an NOE and provide medical evidence of good health for consideration for approval.

## Certificate

The SLTD certificate is available through your benefits administrator. Please read it carefully. The master group policy contains the controlling provisions of this insurance plan. Neither the certificate nor any other material can modify those provisions.

## Physical Exam

If you fail to enroll within 31 days of your hire date, you must complete a medical history statement. Standard Insurance Company may require you to undergo a physical examination and blood test at your own expense.

## Claims

As soon as it appears you will be disabled for 90 days or more, ask your benefits administrator for a claim form packet. This packet contains these forms: Employee's Statement; Authorization to Obtain Psychotherapy Notes; Authorization to Obtain Information; Attending Physician's Statement; and Employer's Statement. You are responsible for making sure these forms are completed and returned to Standard Insurance Company. Your complete medical records should accompany the Attending Physician's Statement. If you also have BLTD coverage, only one claim packet needs to be completed. These forms may be faxed to 800-437-0961, with originals to follow. If you have questions, please contact Standard Insurance Company at 800-628-9696.

You must provide these completed claim forms within 90 days of the end of the benefit waiting period. If you cannot do so, you must submit these forms as soon as reasonably possible but no later than one year after that 90-day period. If you do not provide these forms within this period, barring a court's determination of your legal incapacity, Standard Insurance Company may deny your claim.

## Salary Change

Your SLTD premium will be recalculated based on your age as of the preceding January 1. Any change in your predisability earnings after you become disabled will have no effect on the amount of your SLTD benefit.

## Active Work Requirement

If physical disease, mental disorder, injury or pregnancy prevents you from working the day before the scheduled effective date of your insurance coverage, your coverage will not become effective until the day after you complete one full day of active work.

## Pre-existing Condition

A pre-existing condition is a physical or mental condition for which you consulted a physician, received medical treatment or services or took prescribed drugs or medications during the six-month period before your SLTD coverage became effective. No benefits will be paid for a disability caused or contributed to by a pre-existing condition unless on the date you become disabled:

- You have been continuously covered under the plan for at least 12 months (Exclusion Period) or
- You have not consulted a physician, received medical treatment or services or taken prescribed drugs or



medications during any 12-consecutive-month period (Treatment Free Period) between your date of disability and six months before the date your SLTD insurance became effective.

The Pre-existing Condition Exclusion also applies when you change from the plan with the 180-day benefit waiting period to the plan with the 90-day benefit waiting period. The Pre-existing Condition Period, Treatment Free Period and Exclusion Period for the new plan will be based on the effective date of your coverage under the 90-day plan. However, if benefits do not become payable under the 90-day plan because of the Pre-existing Condition Exclusion, your claim will be processed under the 180-day plan as if you had not changed plans.

## Exclusions and Limitations

- Disabilities resulting from war or any act of war are not covered.
- Intentional self-inflicted injuries are not covered.
- No SLTD benefits are payable when you are not under the ongoing care of a physician.
- No SLTD benefits are payable for any period when you are not participating, in good faith, in a course of medical treatment, or vocational training, or education approved by Standard Insurance Company, unless your disability prevents you from participating.
- No SLTD benefits are payable for any period of disability when you are confined for any reason in a penal or correctional institution.
- No SLTD benefits are payable after you have been disabled for 24 months, excluding the benefit waiting period:
  - During your entire lifetime for a disability caused or contributed to by a mental disorder, unless you are continuously confined to a hospital at the end of the 24 months.
  - During your entire lifetime for a disability caused or contributed to by your use of alcohol, alcoholism, use of any illicit drug, including hallucinogens, or drug addiction.
  - During your entire lifetime for a disability caused or contributed to by chronic pain, musculoskeletal or connective tissue conditions.
  - During your entire lifetime for a disability caused or contributed to by chronic fatigue or related conditions.
  - During your entire lifetime for a disability caused or contributed to by chemical and environmental sensitivities.
- During the 90-day benefit waiting period and the first 24 months of disability, no SLTD benefits will be paid for any period of disability when you are able to work in your own occupation and you are able to earn at least 20 percent of your predisability earnings, adjusted for inflation, but you choose not to work. Thereafter, no SLTD benefits will be paid for any period of disability when you are able to work in any occupation and able to earn at least 20 percent of your predisability earnings, adjusted for inflation, but choose not to work.
- No SLTD benefits are payable for any period of disability when you are not also receiving disability benefits under the State of South Carolina Basic Long Term Disability plan. There are certain exceptions to this limitation. Please see your certificate of coverage for details.

## SLTD PLAN BENEFITS SUMMARY

<b>Benefit waiting period:</b>	Plan one: 90 days Plan two: 180 days
<b>Monthly benefit<sup>1</sup> percentages:</b>	65 percent of the first \$12,307 of your predisability earnings, reduced by deductible income
<b>Minimum benefit:</b>	\$100 per month
<b>Maximum benefit:</b>	\$8,000 per month
<b>Maximum benefit period:</b>	To age 65 if you become disabled before age 62. If you become disabled at age 62 or older, the maximum benefit period is based on your age at the time of disability. The maximum benefit period for age 69 and older is one year.
<b>Monthly premium<sup>2</sup> rate:</b>	Multiply the premium factor for your age and plan selection by your monthly earnings.
<b>Maximum SLTD covered predisability earnings:</b>	\$12,307 per month

<b><u>Your age as of the preceding January 1</u></b>	<b><u>Plan one</u></b>	<b><u>Plan two</u></b>
Under age 31	.00065	.00050
31 through 40	.00089	.00069
41 through 50	.00179	.00137
51 through 60	.00360	.00277
61 through 65	.00433	.00333
66 or older	.00528	.00406

### Example:

Mary is 38 years old, earns \$3,000 per month and selected plan two. Her monthly premium is  $\$3,000 \times .00069 = \$2.08$  per month. (The premium was rounded up \$0.01 because it must be an even amount.)

John is 52 years old, earns \$2,250 per month and selected plan one. John's monthly premium is  $\$2,250 \times .00360 = \$8.10$  per month.

<sup>1</sup>These benefits are not taxable.

<sup>2</sup>Premium must be an even amount (amount is rounded up to next even number).

## HOW DOES SLTD INSURANCE WORK?

SLTD insurance is designed to provide additional financial assistance if you become disabled. Your benefit will be based on a percentage of your predisability earnings. This program is customized for you. The SLTD plan benefits summary will provide more information about your plan, including:

- Your level of coverage
- How long benefits payments would continue if you remain disabled
- The maximum benefit amount
- Your choice of benefit waiting periods
- Your premium schedule.

You can apply for SLTD if you are:

- An active, permanent, full-time employee as defined by the plan or
- A full-time academic employee, and
- You receive compensation from:
  - A department, agency, board, commission or institution of the state
  - A public school district
  - A county government (including county council members) or
  - Another group participating in the state's Plan of Benefits.

Members of the General Assembly and judges in the state courts are also eligible. If your group offers other Supplemental Long Term Disability coverage, you must choose one or the other.

## Predisability Earnings

Your predisability earnings are the monthly earnings from your covered employer as of the January 1 preceding your last full day of active work or the date you became a member if you were not a member on the preceding January 1. Predisability earnings are the actual amount your employer pays you each year, including merit and longevity increases. It does not include your bonuses, commissions, overtime or incentive pay. If you are a teacher, it does not include your compensation for summer school, but it does include compensation earned during regular summer sessions by university staff.

## WHEN ARE YOU CONSIDERED DISABLED?

You are considered disabled and eligible for benefits if you cannot work due to a covered injury, physical disease, mental disorder or pregnancy. You will also need to satisfy the benefit waiting period and meet one of these definitions of disability.

**Definition One: *Own Occupation Disability***—You are unable to perform, with reasonable continuity, the *material duties*<sup>1</sup> of your *own occupation* during the benefit waiting period and the first 24 months SLTD benefits are payable.

**“Own occupation”** means any employment, business, trade, profession, calling or vocation that involves *material duties*<sup>1</sup> of the same general character as your regular and ordinary employment with the employer. Your “own occupation” is not limited to your job with your employer, nor is it limited to when your job is available.

**Definition Two: *Any Occupation Disability***—You are unable to perform, with reasonable continuity, the *material duties*<sup>1</sup> of *any occupation*.

**“Any occupation”** means any occupation or employment you are able to perform, due to education, training or experience, which is available at one or more locations in the national economy and in which you can be expected to earn at least 65 percent of your predisability earnings (adjusted for inflation) within 12 months following your return to work, regardless of whether you are working in that or any other occupation. The any occupation period begins at the end of the own occupation period and continues to the end of the maximum benefit period.

**Definition Three: *Partial Disability***—

- A) During the *own occupation* period, you are working while disabled and you are unable to earn more than 80 percent of your predisability earnings, adjusted for inflation, while working in your own occupation.
- B) During the *any occupation* period, you are working while disabled and you are unable to earn more than 65 percent of your predisability earnings, adjusted for inflation, while working in any occupation.

<sup>1</sup>Material duties means the essential tasks, functions and operations, and the skills, abilities, knowledge, training and experience generally required by employers from those engaged in a particular occupation.

## Deductible Income

Your SLTD benefits will be reduced if you receive, or you are eligible to receive, deductible income from other sources. Deductible income includes: sick pay or other salary continuation (including sick leave pool), primary and dependent Social Security benefits, Workers' Compensation, BLTD benefits, other group disability benefits, maximum plan retirement benefits, etc. In addition, TERI funds, at the time of distribution, are deductible income retroactive to the time of receipt of disability benefits. For example, your SLTD benefit before reduction by deductible income is 65 percent of your covered predisability earnings. The benefit will then be reduced by the amount of any deductible income that you receive or are eligible to receive, so the total of the reduced SLTD benefit plus the deductible income will provide at least 65 percent of your covered predisability earnings. The guaranteed minimum SLTD benefit is \$100, regardless of the amount of deductible income.

You are required to make a timely application for all deductible income you are eligible to receive. **Please note that the S.C. Retirement Systems requires you to file an application for disability benefits while you are still in service or before the end of your employment.** When other benefits are awarded, they may include payments due to you while you were receiving LTD benefits. If the award includes past benefits, or if you receive other income before notifying Standard Insurance Company, your SLTD claim may be overpaid. This is because you received benefits from your plan and income from another source for the same period of time. You will be required to repay the plan for this overpayment.

## Lifetime Security Benefit

This coverage provides lifetime long term disability benefits if, on the last day of the regular maximum benefit period, the disabled person is unable to perform two or more activities of daily living and/or suffers from a severe cognitive impairment that is expected to last 90 days or more. The benefit will be equal to the benefit that was being paid on the last day of the regular long term disability period.

## Conversion

When your insurance ends, you may buy SLTD conversion insurance if you meet all of these criteria:

1. Your insurance ends for a reason other than:
  - a. Termination or amendment of the group policy
  - b. Your failure to make a required premium contribution
  - c. Your retirement.
2. You were insured under your employer's long term disability insurance plan for at least one year as of the date your insurance ended.
3. You are not disabled on the date your insurance ends.
4. You are a citizen or resident of the United States or Canada.
5. You apply in writing and pay the first premium for SLTD conversion insurance within 31 days after your insurance ends.

## Death Benefits

If you die while SLTD benefits are payable, Standard Insurance Company will pay a lump-sum benefit to your eligible survivor. This benefit will be equal to three months of your SLTD benefit, not reduced by deductible income. Eligible survivors include your surviving spouse; surviving, unmarried children under age 25; or any person providing care and support for any of them.

## When Benefits End

Your benefits end automatically on the earliest of:

- The date you are no longer disabled
- The date your maximum benefit period ends, unless LTD benefits are continued by the Lifetime Security Benefit

- The date of your death
- The date benefits become payable under any other employer's group LTD policy.

### **When SLTD Coverage Ends**

---

Your insurance ends automatically on the earliest of:

- The last day of the month for which you paid a premium
- The date the group policy ends
- The date you no longer meet the requirements noted in the "Eligibility" section of this chapter.

